

U.S. - Japan Council

Financial Statements For The Year Ended
December 31, 2009 and Independent
Auditors' Report

SASAKI SHISHIMA & CO.

Certified Public Accountants

901 Corporate Center Drive, Suite 503
Monterey Park, CA 91754-7630
(323)265-2590
Fax (323)265-4960

INDEPENDENT AUDITORS' REPORT

Board of Directors
U.S.-Japan Council

We have audited the accompanying statement of financial position of U.S.-Japan Council (a nonprofit corporation) as of December 31, 2009, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S.-Japan Council at December 31, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.



March 12, 2010

U.S.-JAPAN COUNCIL

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

<u>ASSETS</u>	<u>Notes</u>	
CURRENT ASSETS:		
Cash and cash equivalents	2	\$ 150,302
Time certificates of deposit	2	10,068
Grants and pledges receivable		1,000
Receivables, other		1,017
Prepaid expenses		<u>2,704</u>
Total current assets		165,091
PROPERTY AND EQUIPMENT, net of accumulated depreciation	2,3	484
DEPOSITS		<u>2,300</u>
TOTAL ASSETS		\$ <u><u>167,875</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable		\$ 2,474
Accrued expenses		3,849
Accrued vacation		<u>9,854</u>
Total current liabilities		16,177
COMMITMENTS	4	
NET ASSETS	2	<u>151,698</u>
TOTAL LIABILITIES AND NET ASSETS		\$ <u><u>167,875</u></u>

See notes to financial statements.

U.S.-JAPAN COUNCIL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Notes</u>	
SUPPORT AND REVENUE:		
Support:		
Donations	2	\$ 467,682
Revenue:		
Programs		17,500
Interest income		88
In-kind contributions		4,838
Other income		140
Total support and revenue		<u>490,248</u>
FUNCTIONAL EXPENSES:		
Program services (see statement of functional expenses)		232,013
Management and general (see statement of functional expenses)		61,747
Fundraising		39,399
Total functional expenses		<u>333,159</u>
OTHER INCOME (EXPENSES):		
Realized loss on sale of marketable securities		<u>(5,391)</u>
NET ASSETS, DECEMBER 31, 2009		<u>\$ 151,698</u>

See notes to financial statements.

U.S.-JAPAN COUNCIL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$	151,698
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization		150
Changes in:		
Grants and pledges receivable		(1,000)
Receivable, other		(1,017)
Prepaid expenses		(2,704)
Deposits		(2,300)
Accounts payable		2,474
Accrued expenses		3,849
Accrued vacations		9,854
Net cash provided by operating activities		<u>161,004</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in time certificates of deposit		(10,068)
Purchase of property and equipment		<u>(634)</u>
Net cash used in investing activities		<u>(10,702)</u>

CASH AND CASH EQUIVALENTS, DECEMBER 31, 2009 \$ 150,302

See notes to financial statements.

U.S.-JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. GENERAL

The U.S.-Japan Council (USJC) is a nonprofit, public benefit corporation incorporated in the state of California in December 2008 to promote people-to-people relationships on national and community levels between the United States of America and Japan. The USJC has offices in Washington, DC and Los Angeles, California with operations commencing in April 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Recognition of donor restrictions - Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence or nature of any donor restrictions. The two net asset classes are based solely on the existence or absence of donor-imposed restrictions.

- a. Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by USJC's actions. USJC currently has no permanently restricted net assets.
- b. Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of USJC pursuant to these stipulations. The net assets may be temporarily restricted for various purposes, such as use in future periods or use for specific purposes. USJC currently has no temporarily restricted net assets.
- c. In the absence of donor-imposed restrictions, net assets are classified as unrestricted.

Cash and cash equivalents - USJC considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. USJC maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. USJC believes it is not exposed to any significant credit risk on these cash deposits.

Property and equipment - Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is determined on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged as expense when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes - The Internal Revenue Service has classified the organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional expenses - USJC allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by direct labor costs.

In-kind contributions - The Terasaki Foundation provided the Los Angeles office space to the USJC during the year. Based on fair market value provided by the Terasaki Foundation, approximately \$4,600 of in-kind donations are included in revenues and expenses in the financial statements.

Use of estimates - Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported public support revenues and expenses. Actual results could differ from those estimates and assumptions.

3. PROPERTY AND EQUIPMENT

The major classes of property and equipment and the estimated useful lives in computing depreciation are as follows:

	<u>Amount</u>	<u>Lives</u>
Office equipment	\$ 634	3 years
Less accumulated depreciation	<u>150</u>	
	<u>\$ 484</u>	

Depreciation expense for property and equipment amounted to \$150 for the year.

4. COMMITMENTS

The USJC has a noncancelable lease for its office facilities. The lease expires April 2011. Rent expense for the year amounted to \$25,255.

The minimum future rental follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2010	\$ 39,600
2011	<u>11,550</u>
	<u>\$ 51,150</u>

U.S.-JAPAN COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services	Management And General	Fundraising	Total
Bank charges	\$ 99	\$ 27	\$ 47	\$ 173
Depreciation	101	30	19	150
Dues and subscriptions	180	53	33	266
Events and programs	10,152			10,152
Employee benefits	3,078	901	564	4,543
Insurance	1,884	552	345	2,781
Meetings	1,157	339	211	1,707
Office supplies	6,023	1,758	1,101	8,882
Outside service	22,172	3,877	1,424	27,473
Payroll taxes	10,229	2,995	1,874	15,098
Postage	584	106	66	756
Printing	3,083	903	565	4,551
Professional services	12,192	3,453	2,160	17,805
Rent	17,110	5,011	3,134	25,255
Salaries	128,289	37,180	24,525	189,994
Taxes and licenses	875	256	160	1,291
Telephone and internet	11,344	3,300	2,064	16,708
Travel	3,461	1,006	1,107	5,574
TOTAL	\$ <u>232,013</u>	\$ <u>61,747</u>	\$ <u>39,399</u>	\$ <u>333,159</u>

See notes to financial statements.
